



# AIR FORCE CONTRACTING NEWSLETTER

HEADQUARTERS UNITED STATES AIR FORCE AFRP 64-1 NO. 16

SUMMER 1997



## HAIL AND FAREWELL...

This is my last opportunity to salute you for the outstanding, professional mission support you provide on a day-to-day basis. You successfully implemented a broad set of contracting reforms which are revolutionizing our approach to contracting. Thank you. Cream rises to the top, and, as a community, contracting folks continuously show they rise to provide world class service to the warfighters and our many customers.

Brigadier General (Sel) Frank Anderson replaces me in August 1997. Most recently he was the Director of Contracting at Aeronautical Systems Center. His broad background will bring a fresh perspective to the many challenges we face. You are in the best of hands with Gen Anderson and his Associate, Mr. Lee Evey. Meanwhile, I will be moving to serve as the Commander, Defense Contract Management Command (DCMC). I look forward to the leadership challenge to provide great contract administration service to the broad range of Services and Federal Agencies served by DCMC. Major General Robert Drewes, the current Commander, has done a marvelous job in organizing and leading DCMC through dynamic times and in making DCMC one of the government's real productivity leaders through performance measurement.

Another key leadership change is Major General Richard Roellig's move from Director of Contracting, Headquarters, Air Force Materiel Command, to become the Commander, Ogden Air Logistics Center. Congratulations Gen Roellig! Colonel Craig Cooning, who replaced Gen Roellig, has an exceptionally strong background in contracting. He recently served as Executive to the Commander, Air Force Materiel Command, and as Program Director, Reconnaissance Aircraft Systems Group, Aeronautical Systems Center. Welcome aboard Col Cooning!

I have asked our staff, for this edition of the Newsletter, to provide updates on key issues that affect you, to list recent key leadership changes, and to recognize recent promotions. I want to emphasize a couple of areas. One, Air Force Contracting (you) have a strategic plan that covers goals, objectives, tasks, and their associated metrics. It provides you a road map that we must follow. Second, we discuss your role as "business advisor." It is an expanded role due to acquisition reform (e.g., market research requirements) and due to the availability of contracting vehicles/opportunities on the Internet. No longer are you forced to look only within your organizations and your internal contracting capabilities. You can now focus on what contracting capability is available throughout the government to support your customer. The Air Force Contracting Home Page is there to serve you every day. Wow. It is a different world out there. Another challenge that you will step up to...and you will excel. My best to you all! (malistim@af.pentagon.mil)

**TIMOTHY P. MALISHENKO, Brig Gen, USAF**  
Deputy Assistant Secretary (Contracting)  
Assistant Secretary (Acquisition)

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Please Recycle!

# CONTRACTING 2001

## OUR AIR FORCE CONTRACTING STRATEGIC PLAN

The following information, extracted from your Air Force Contracting Strategic Plan, provides you an outline, down to the Objective level, of our strategic plan. The entire strategic plan, which can be reviewed from your Air Force Contracting Home Page/Management Information page, includes the detailed tasks under each of the eight Objectives, as well as their associated metrics.

### *Contracting Newsletter - Summer 1997*

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*Contracting Newsletter* is an official, nondirective HQ USAF departmental publication. Its purpose is to provide Air Force Contracting personnel with timely information relating to mission accomplishment; to assist them in solving problems and improving efficiency of operation; to communicate new developments and techniques; and to stimulate professional thought and development. The views and opinions expressed by individual contributors, unless otherwise specifically indicated, are those of the individual author. They do not necessarily reflect the official viewpoint of the Chief, Contract Support Division, SAF/AQCX; the Department of the Air Force; or any other department or agency of the United States Government.

Contributions, suggestions, and criticisms are welcome. Final selection of material for publication is made on the basis of suitability, timeliness, and space availability. Address communications to *Contracting Newsletter* at above address.

*The use of a name of any specific manufacturer, commercial product, commodity or service in this publication does not imply endorsement by the Air Force.*

**VISION:** Air Force Contracting people providing timely, best value products and services using world class business practices to provide global support to our Air and Space Force.

**MISSION:** Provide best value products and services to our Air and Space Force.

**GOAL 1: INVEST IN OUR PEOPLE FOR THE FUTURE:** Professional people are the key to success of contracting Air Force-wide.

**Objective 1** - Ensure professional development of our contracting work force

**Objective 2** - Provide job enhancing tools to our work force

**Objective 3** - Develop and deploy "practical application" training to implement acquisition reform initiatives and world class business practices

### **GOAL 2: APPLY BEST VALUE PRACTICES**

**Objective 4** - "Commercial-First" practices for simplified acquisition threshold

**Objective 5** - Implement best-value, streamlined practices above the simplified acquisition threshold

**Objective 6** - Effectively execute streamlined outsourcing and privatization acquisitions

### **GOAL 3: EXPLOIT EMERGING TECHNOLOGIES**

**Objective 7** - Rapidly implement DII and COE compliant information technology. Take advantage of responsive electronic infrastructure capabilities.

**Objective 8** - Reengineer policy and processes to leverage information technology. Continuous refinement of contracting policy, processes, and training to optimize use of latest information technology capabilities.

# TeamWork

# YOUR HOME PAGE

The Air Force Contracting Home Page is the premier communication vehicle for Air Force Contracting. It is a quantum leap in productive information flow to you, in productive buying tools to you and your installation customers, and in current and early, effective communications between you and industry.

We must continue to grow the Contracting Home Page. I want each of our contracting people to be able to log on and get what they need quickly. To that end, we welcome your advice and your assistance.

We intend to make quantum leaps in the area of electronic commerce. This encompasses two of our six interactive buttons on the Contracting Home Page: **Business Opportunities** and **Catalog Shopping**. One of the important things on Business Opportunities is that all our contracting units post their solicitations, from draft to formal release, and take advantage of the benefits derived from early industry involvement. Air Force Contracting will tackle, in conjunction with other government agencies, the difficult technical task of finding a way to tie in synopsis, through bidding/proposing and exchange of financial information, to award, all in a paperless fashion over the Internet. Regarding the **Catalog Shopping** button, we need to make sure that we provide you, in a user friendly and efficient manner, the catalogs and easy navigation paths for you and your customers to conduct lawful purchases over the Internet in a secure environment.

Behind our **Library** button, we have provided you access to current regulations, directives, instructions, and policy letters to make your job easier.

Between our **Points of Contact** button and our Contract Links section under the **Management Information** button, you should be able to do the professional networking throughout our Air Force Contracting staffs and units to allow you to do better market research, exchange best practices, or get assistance with procurement problems. Contracting managers and units are only an e-mail away (most e-mail addresses are interactive).

Behind our **People** button, there is a wealth of professional development information. With a couple of clicks of your mouse, you can see what contracting courses are available to you, including dates and locations. Officers and enlisted can download certification forms for the Acquisition Professional Development Program (APDP). You can view your contracting career pyramids and see how your future plans stack up. You can volunteer for permanent change of station or contingency assignments throughout the world. Civilians can review pertinent information within their career program.

**Management Information** provides you a myriad of information. It gives you the standard configuration for your computers and networks, approved by AF/SC, which means you don't need CSRDs for your hardware requirements when purchases are in consonance with this direction. General Accounting Office Reports are there. Protest Decisions and

guidance for you on protests are there. Through Contract Links, you can hook into any of our units throughout the Major Commands, to Defense Contract Management Command, to Air Force Logistics Management Agency, National Contract Management Association, etc.

One area that we will work hard with you and your Major Commands is the information within the **Training, Guides, Contracting Toolkit** button. This is especially true of the Contracting Toolkit area where we are providing you a clearinghouse of information, by FAR Part, on Policy, Training/Guides and other information (such as performance measures and best practices). All contracting training guides throughout Air Force will be in the appropriate FAR Parts. We welcome Major Command contracting staffs, or any unit for that matter, to contribute to these FAR Parts and act as our extended staff.

Note that there is a **What's New** button where we show you recent postings. There is a Search engine on the front of the Home Page if you ever get lost. At the bottom of the page, there is a feedback area where you can make comments or simply sign your name and unit. ➔

<http://www.safaq.hq.af.mil/contracting>



© **NOTE: The Air Force Contracting Home Page was one of two runners up for the Air Force Five Star Award for the month of Jun 97 (400 Air Force sites were in contention).**

## YOUR ROLE AS BUSINESS ADVISOR

BY BRIG GEN MALISHENKO, SAF/AQC, DSN 225-6332

As our contracting environment is changing; so are our responsibilities to advise our many customers: we need to be their business advisor.

A primary example is the improved service to our customers through the broad use of the government purchase card program. In FY96, our customers used the IMPAC card to purchase over 642,000 items worth more than \$215 million. But they need our business advice on how to properly use the card, how to quickly find the item they need, and where to find the best prices. Expanded use of the purchase card is not about shifting workload to others, it is about providing faster, better, best value service to our customers. We need to serve our purchase card customers by providing more effective and efficient training, oversight, and business processes on our purchase card programs. See Col Orton's article on IMPAC later in this Newsletter.

Another example is the availability of electronic catalogs such as GSA Advantage, DLA's Prime Vendor, and Desktop V, all on the world wide web. Contracting must be familiar with these new, rapid response methods that are available to provide fast, efficient service to our customers. One innovation I like is the customer service center with several on-line computers that are available to purchase card users in the contracting squadron. Contracting "business advisors" are available to help the purchase card users to rapidly find the item they want to purchase. With a little hands on training and advice, the purchase card user can find and order the item they need.

On commercial acquisitions, we need to be an early team member with the expertise and tools to provide current business advice. This means we must be an early participant bringing market research assistance to help our customers properly define requirements consistent with what is available in the commercial marketplace. In this way we provide real value to our customers. It means our responsibilities are broader than just completing a contract action. End result: we can provide better, faster, more effective service to our customers by being expert business advisors.

We need to earn our customers' trust and confidence that we will give them the best, most efficient contracting strategies to get what they need. We need to be creative and also become proficient in using the full range of contracting tools available to the Air Force. I am concerned that some customers are turning to other contracting activities which market themselves as more efficient providers. The quality of our service must sell ourselves to commanders. We must become more efficient in best value practices over the simplified acquisition threshold; by using simplified procedures up to \$5 million to obtain commercial items and

services; and by looking out for them as dependable, aggressive, on-site contract managers throughout contract performance.

Dr. Hamre, Deputy Secretary of Defense, has referred to the changing acquisition environment as the democratizing of contracts. The use of electronic catalogs and credit cards means the value decision will be driven by the customer's decision. This is a big change. Contracting's role shifts to being a facilitator or, in my words, a "business advisor." We need to recognize and adapt to this change so we continue to provide quality, responsive service. ➔

## MARKET RESEARCH - HELP IS ON THE WAY

BY LT COL SMELTZER, AFLMA, DSN 596-4085

A market research guide, published by the Air Force Logistics Management Agency (AFLMA), is scheduled to hit the street this summer. Publication and distribution, including posting to the Air Force Contracting Home Page, of the **Market Research/Analysis Guide** is expected in Aug 97.

Market research has long been a tool in the acquisition inventory but not until the **Federal Acquisition Streamlining Act (FASA)** mandated market research before developing new specifications and before soliciting bids or proposals did the need for market research reach prominence. Unfortunately, there is not a lot of guidance on the street, so the AFLMA guide is coming at a great time.

The guide will serve as the reference source for all contracting activities that perform market research in accordance with regulations covering acquisition of commercial items. The guide will provide the detailed information useful in identifying potential problems, reducing research time, using acceptable techniques, and answering questions encountered at the field level. The guide is intended for the contracting professional but will be useful to all disciplines dealing in market research. It will include:

- ✓ overview of the market research/analysis process
- ✓ practical application of market research/analysis
- ✓ roles of the participants
- ✓ research and analysis techniques
- ✓ examples of market analysis, to include techniques, definitions and sources for assistance

As the acquisition business advisor, the contracting community plays a key leadership role in successful market research/analysis. Successful acquisitions will depend on successful market research and the **Market Research/Analysis Guide** will go a long way towards ensuring we get the job done. ➔

## **OPEN COMMUNICATIONS WITH INDUSTRY**

### **LT COL McNALLY, SAF/AQCP, DSN 225-3859**

On 23 Jun 97 a joint memorandum was distributed throughout the Air Force establishing "open, fair, and continuous communication" as the cornerstone of a more cooperative relationship with industry. A term which captures the central theme of this memorandum is "openness." One significance of this memorandum is that SAF/AQ, SAF/XO and SAF/XP, who represent the acquisition, requirements and planning/programming side of the Air Force, all signed the memorandum. This highlights the importance of keeping industry fully informed and involved throughout all phases of the planning, requirements and acquisition processes.

While this memorandum is primarily targeted for systems acquisition and sustainment, many of the concepts will be beneficial for acquiring other goods and services. Commands are encouraged to review the concepts in this memo and develop implementing procedures that are appropriate to the operational environment. With this quest for increased openness, we must all remember to continue our obligation to ensure fair and equal treatment and opportunities for all offerors, while protecting contractor proprietary information and not releasing restricted government information.

The memo divides the acquisition cycle into four distinct phases in order to highlight the unique communications opportunities that each phase provides. For each phase overarching policy guidance is provided along with the expected returns from having open communications with industry. These phases are:

- ✓ Planning and Requirements Inputs to the Acquisition Process
- ✓ Requirement Validation to Issuance of Solicitation
- ✓ Solicitation to Post Award Debriefing
- ✓ Contract Performance

An overall benefit of this "openness" policy is that it will enhance cooperative efforts with existing contractors as well as encouraging more participation by suppliers previously reluctant to pursue government contracts. Timely release of information to industry will maximize the value of their input during all these phases. Industry involvement in the Modernization Planning Process will assist with technological solutions for future operational capabilities. Early industry involvement in the development of an acquisition strategy and Draft Requests for Proposals (RFP) will facilitate establishing realistic and achievable acquisition strategies, and improve the RFP and the resultant proposals, thus increasing the probability of program success. Other expected benefits from improved RFPs are reduced proposal and analysis costs and contract award cycle times, and fewer protests due to eliminating the perception of hidden evaluation

criteria. Another expected benefit is an increased use of cost as an independent variable (CAIV), with early and continuous industry participation, which will provide for better and more comprehensive cost-performance tradeoffs in the requirements process. This will provide industry with a clear understanding of the trade space involved with each acquisition, which will enable best value contract awards for our warfighters. ➔

## **EXPANDING THE USE OF THE IMPAC**

### **BY COL ORTON, SAF/AQCO, DSN 225-1913**

The use of the International Merchant Purchase Authorization Card (IMPAC) represents an effective way to obtain goods and services costing less than the \$2,500 micropurchase threshold. On 28 Apr 97, the CSAF issued revised Air Force IMPAC Procedures, making the IMPAC Program more "user friendly" and streamlined. We must take advantage of the tremendous efficiencies IMPAC offers the Air Force. We are confident that the use of IMPAC can be increased to 90% of all our open market transactions for commercial items and services under \$2,500 at each of our installations. Our use of the purchase card this FY has increased to 76% of all Air Force purchases eligible for IMPAC (value of over \$215M). Cardholders can quickly obtain small dollar value, commercially available products and services for their organizations when they need them. This is acquisition streamlining at its best!

We, in contracting, have a vital role in the IMPAC Program, and I see the following functions as "must do:"

- 1) Training. We need to make IMPAC responsibilities "user friendly" and simplify the cardholder's job.
- 2) Oversight. We must establish effective oversight programs to review the performance of each cardholder on regular frequencies. Contracting offices must adopt tools to leverage our oversight capabilities such as sampling techniques and enhanced data reports which will be made available by the Bankcard contractor.
- 3) Business Advisor to Cardholder Organizations. We need to help organizations set up efficient "low demand" cardholder programs which take advantage of credit card buying over the computer, delivery agreements with local vendors and requirements consolidation. Frequent trips by cardholders to local vendors may be reduced to make more time available for cardholders to perform other functions and job skills.
- 4) We need to share successful training, oversight, and business advisor programs you develop with each other, perhaps through our Air Force Contracting Home Page.

Thanks for your continuous outstanding support of this program—your efforts have made a difference! ➔



## OUTSOURCING

BY KATHY BOOCKHOLDT, SAF/AQCO, DSN 225-9041

Outsourcing can be simply defined as transferring performance of an in-house activity to the private sector. The concept is not new. In 1955, President Eisenhower set forth US policy in this area: "The Federal government will not start or carry out any commercial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary business channels." Top leadership has recently reiterated this policy in no uncertain terms:

"We need to cut our support tail in order to preserve our combat tooth and protect our people and their quality of life. Our infrastructure is still too large for our force structure today.... We still do too many things in-house that we can do better and cheaper through outsourcing."

William Cohen, Secretary of Defense, May 1997

DoD is clearly under a mandate to outsource when it makes good business sense to do so. The Quadrennial Defense Review (QDR), released in May, calls for vigorous pursuit of balance between decreasing funding levels and the need for "sustained, adequate spending on modernization of the U.S. forces...essential to ensuring that tomorrow's forces continue to dominate across the full spectrum of military operations." Outsourcing and privatization are critical elements in achieving the efficiencies necessary to sufficiently fund the modernization account.

As might be expected, the Air Force is out in front when it comes to a robust outsourcing program, with documented results. The service initially laid-in a \$1.26B wedge in the FY98-03 POM, based on anticipatory O&P savings, to ensure that dollars for force modernization would be earmarked early on. We're going to achieve those savings, through concentrated, dedicated effort of Air Force professionals at all levels. Of course, the initiative doesn't end with achieving this goal. It's just the first wave.

This first wave depends largely on successful execution of OMB Circular A-76 cost comparisons in every MAJCOM. The Defense Science Board estimates that DoD as a whole outsources only 25% of it's Full Time Equivalent (FTEs) involved in commercial activities. Although this pool includes FTEs which we would not outsource because of UTC taskings, inherently governmental functions, or military essentiality, it should be clear we have a long way to go in identifying outsourcing candidates. The A-76 cost comparison ensures that each activity selected for possible outsourcing undergoes a thorough reengineering through a competitive process.

Under A-76 guidelines, once the candidate activity is identified, it is either directly converted to contract performance (activities with 10 or fewer civilians) or it is cost compared with private sector performance. This competition, either private/private or public/private results in a reengineering of the activity and ensures savings are generated, whether the decision (based on cost) is to retain the activity in-house (about 40% remain in-house) or contract out. Currently, the Air Force averages a 34% savings, either way. We do know that the larger the activity being studied, the larger the savings:

< 25 Personnel	12% Savings
26-50 Personnel	19% Savings
51-100 Personnel	29% Savings
101-300 Personnel	34% Savings
> 301 Personnel	40% Savings

The benefits of a vigorous, well planned outsourcing strategy are obvious. With the challenge of changing the way we align critical resources through outsourcing noncore activities, comes the opportunity to further acquisition reform and good business practices. The goal of exploring outsourcing opportunities is clearly not to undertake a wholesale shift of support activities to the private sector, but to take a measured approach, with competition as the cornerstone of the initiative. Our foremost concern is ensuring high levels of mission capability are sustained across the Air Force by providing the most cost effective support services. ➔

### Feedback for Future Newsletter Articles

by Col Tom Brown, SAF/AQCX, DSN 225-2128

We had this white space here that we felt compelled to fill in. Thus, this article. Thought of putting something totally outrageous here. So, we decided to ask for your feedback for future articles! What would you really like to see? We'll also put a feedback button next to this Newsletter when we post it on the Air Force Contracting Home Page.

